

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED MARCH 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5-24-06

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the Town of Ferriday
Ferriday, Louisiana

We have audited the accompanying statement of net assets--enterprise fund and the related statements of revenues, expenses and changes in fund net assets and cash flows--enterprise fund of **Housing Authority of the Town of Ferriday (HATF)**, as of and for the year ended March 31, 2005. These financial statements are the responsibility of **HATF's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HATF** as of March 31, 2005, and the respective changes in net assets and cash flows of its enterprise fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of the Town of Ferriday
Ferriday, Louisiana
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As described in NOTE 1, **HATF** has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Managements' Discussion and Analysis - for State and Local Governments* as of and for the year ended March 31, 2005

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2005, on our consideration of **HATF's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit. Also, this report contained instances of noncompliance.

The management's discussion and analysis on pages 3 through 8 is not a required part of the accompanying financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 6, 2005

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
March 31, 2005

The management of **Housing Authority of the Town of Ferriday (HATF)** presents the following discussion and analysis of financial activities for the fiscal year ended March 31, 2005. This represents an overview of financial information. Please read this discussion and analysis which follows, in conjunction with **HATF's** audited financial statements.

FINANCIAL HIGHLIGHTS

- **HATF's** assets exceeded its liability by \$1,375,362 at the close of the fiscal year ended 2005.
 - ✓ Of this amount \$1,273,322 represents a restriction equal to the net amount invested in land, buildings, building improvements, furnishings, and equipment.
 - ✓ The remainder of \$102,040 of unrestricted assets could be used to meet **HATF's** ongoing obligations to citizens and creditors.
- **HATF's** total net assets decreased by \$25,616, a 2% change from the prior fiscal year 2004. This decrease is attributable primarily to depreciation expense, **HATF's** largest non-cash expense, increase in contractual costs related to ordinary maintenance and professional development cost for staff.
- **HATF** spent \$69,022 on capital asset additions during the current fiscal year.
- The primary source of funding for these activities continues to be the Department of Housing and Urban Development (HUD).

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to **HATF's** basic financial statements. **HATF** is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of **HATF** as a whole and present a longer-term view of **HATF's** finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
March 31, 2005

Reporting on HATF as a Whole

One of the most important questions asked about **HATF**'s finances is, "Is **HATF** as a whole better off, or worse off, as a result of the achievements of fiscal year 2005?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets report information about **HATF** as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of **HATF** are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. **HATF**, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

HATF's financial statements report its net assets and changes in them. One can think of **HATF**'s net assets - the difference between assets and liabilities - as one way to measure its financial health or financial position. Over time, increases and decreases in its net assets are an indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors such as changes in **HATF**'s occupancy levels or its legal obligations to HUD, to assess the overall health of **HATF**.

USING THIS ANNUAL REPORT

HATF's annual report consists of financial statements that show combined information about **HATF**'s most significant funds:

Low Rent Program
Capital Fund Program

HATF's auditors provide assurance in their independent auditor's report, located immediately preceding the MD&A, that basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding other information included in this report. A user of this report should read the independent auditor's report carefully to determine the level of assurance provided for each of the other parts of this report.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
March 31, 2005

Reporting HATF's Most Significant Funds

HATF's financial statements provide detailed information about the most significant funds. Some funds are required to be established by HUD. However, HATF establishes other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

HATF's enterprise funds use the following accounting approach for Proprietary funds: All of HATF's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which together with the maintenance of net assets, is an important financial indicator.

FINANCIAL ANALYSIS

HATF's net assets were \$1,375,362 as of March 31, 2005. Of this amount \$1,273,322 was invested in capital assets, and the remaining \$102,040 was unrestricted. No other specific assets are restricted. Also, there are no other restrictions on general net assets.

CONDENSED FINANCIAL STATEMENTS

Statement of Net Assets
March 31, 2005

ASSETS	
Current Assets	\$ 140,385
Capital Assets, Net of Depreciation	<u>1,273,322</u>
Total assets	<u>1,413,707</u>
LIABILITIES	
Current Liabilities	30,297
Non-Current Liabilities	<u>8,048</u>
Total liabilities	<u>38,345</u>
NET ASSETS	
Invested in Capital Assets, net of related debt	1,273,322
Unrestricted Net Assets	<u>102,040</u>
Total net assets	\$ <u>1,375,362</u>

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
March 31, 2005

CONDENSED FINANCIAL STATEMENTS (continued)

The net assets of these funds decreased by \$25,616, or by 2%, from those of fiscal year 2004, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended March 31, 2005

OPERATING REVENUES

Rental Revenue	\$ 101,012
Other Tenant Revenue	<u>4,004</u>
Total operating revenues	<u>105,016</u>

OPERATING EXPENSES

Depreciation	165,574
Administration	121,148
Ordinary maintenance and repairs	90,535
Utilities	12,418
General	33,471
Tenant Services	<u>7,958</u>

Total operating expenses 431,104

Operating Loss (326,088)

NON-OPERATING REVENUES

Federal Grants and Subsidies	298,319
Other Revenue	1,894
Interest and Investment Income	<u>259</u>

Total non-operating revenues 300,472

CHANGE IN NET ASSETS (25,616)

NET ASSETS, beginning of the year, as restated 1,400,978

NET ASSETS, end of year \$1,375,362

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
March 31, 2005

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year , total operating and non-operating revenues increased by \$139,882, or by 53%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- Federal revenues from HUD for operations and capital improvements increased by \$138,555, or by 87% from that of the prior fiscal year. The determination of operating grants is based upon a three year average of past operations performance. The current contributions were greater because of slight increases in performance of at least one of the prior fiscal year's operations. For capital funds, the increase correlates with the level of funding availability from HUD.
- Total other non-operating revenues decreased by \$5,511 from that of the prior fiscal year because **HATF** received rebates and/or refunds in the current year.
- Total operating revenue increased by \$6,837 from that of the prior fiscal year due to an increase in the income base of tenants.

Compared with the prior fiscal year, total operating and non-operating expenses increased by \$70,864, or by 20%. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- Administrative expenses increased by \$36,268 or by 43% from that of the prior fiscal year due to a combination of offsetting factors: Primarily contractual services increased by \$32,847 to accommodate legal, accounting, auditing and consulting services procured.
- Ordinary maintenance and repairs increased by \$22,035 from that of the prior fiscal year due to several offsetting factors: Materials use as well as contract labor costs increased. On the other hand, ordinary maintenance labor costs decreased.
- Depreciation expense increased by \$15,308, or by 11% from that of the prior fiscal year because of an increase in depreciable capital assets.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY FERRIDAY, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
March 31, 2005**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2005, **HATF** had a total cost of \$4,012,431 invested in a broad range of assets from various projects funded by HUD. More detailed information about capital assets appears in the notes to the financial statements.

Debt

Non-current liabilities also include accrued annual vacation and sick leave due to employees. **HATF** has not incurred any mortgages, or bond indentures for financing capital assets or operations.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

HATF is primarily dependent upon HUD for the funding of operations; therefore, **HATF** is affected more by Federal budget than by local economic conditions. The capital budgets for the 2006 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital Fund Program is multiple year budgets and have remained relatively stable. Capital funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING HATF'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of finances, and to show **HATF's** accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Netrina England, Executive Director, at Housing Authority of the Town of Ferriday; 27393 Hwy 15- Montgomery Square, Ferriday, LA 71334.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
STATEMENT OF NET ASSETS--ENTERPRISE FUND
MARCH 31, 2005

ASSETS

Current Assets:	
Cash (NOTE 2)	\$ 4,225
Restricted Cash (NOTE 3)	8,200
Amounts receivable, net (NOTE 5)	112,948
Prepaid items and other assets	2,930
Investment (NOTE 6)	<u>12,082</u>
Total current assets	<u>140,385</u>
Non-Current Assets:	
Capital assets, net (NOTES 4 AND 10)	<u>1,273,322</u>
Total non-current assets	<u>1,273,322</u>
Total assets	<u>1,413,707</u>

LIABILITIES

Current Liabilities:	
Payroll taxes payable	2,092
Compensated absences payable (NOTE 11)	3,168
Security deposits held for tenants (NOTE 3)	8,200
Payment in lieu of taxes	16,432
Deferred revenues	<u>405</u>
Total current liabilities	<u>30,297</u>
Non-current Liabilities:	
Compensated absences payable (NOTE 11)	<u>8,048</u>
Total non-current liabilities	<u>8,048</u>
Total liabilities	<u>38,345</u>

NET ASSETS

Net Assets:	
Investment in capital assets, net of related debt	1,273,322
Unrestricted	<u>102,040</u>
Total net assets	<u>\$ 1,375,362</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2005

Operating Revenues:	
Dwelling rental	\$ 101,012
Fees and charges	<u>4,004</u>
Total operating revenues	<u>105,016</u>
Operating Expenses:	
Salaries and employee benefits	104,373
Contractual services	49,918
Utilities	12,418
Depreciation	165,574
Insurance	24,346
Convention and travel	15,666
Telephone	10,336
Materials	29,848
Payment in lieu of taxes	8,386
Postage, printing and advertising	2,230
Bad debt	739
Computer software	2,900
General	<u>4,370</u>
Total operating expenses	<u>431,104</u>
Operating loss	<u>(326,088)</u>
Non-operating Revenues:	
Federal grants and subsidies	298,319
Interest income	259
Other income	<u>1,894</u>
Total non-operating revenues	<u>300,472</u>
Change in net assets	(25,616)
Net assets, beginning of year, as restated (NOTE 12)	<u>1,400,978</u>
Net assets, end of year	<u>\$ 1,375,362</u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2005

Cash Flows from Operating Activities:	
Receipts from tenants	\$ 104,130
Payments to suppliers and others	(235,782)
Payments to employees	<u>(98,528)</u>
Net cash used by operating activities	<u>(230,180)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of fixed assets	(69,022)
Other	<u>330</u>
Net cash used by capital and related financing activities	<u>(68,692)</u>
Cash Flows from Noncapital Financing Activities:	
Subsidy from federal grants	298,319
Other	<u>1,894</u>
Cash provided by noncapital financing activities	<u>300,213</u>
Cash Flows from Investing Activities:	
Interest income received	<u>259</u>
Cash provided by investing activities	<u>259</u>
Net increase in cash	1,600
Cash, beginning of year	<u>10,825</u>
Cash, end of year	\$ <u><u>12,425</u></u>

The accompanying notes are an integral part of the financial statements.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2005

Reconciliation of Operating Loss to Net Cash Used

by Operating Activities:

Operating loss	\$ (326,088)
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Adjustment to Reconcile Operating Loss to Net Cash

used in Operating Activities:

Depreciation	165,574
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Changes in net assets and liabilities:

Increase in amounts receivable, net	(53,965)
Decrease in prepaid items and other assets	1
Decrease in amounts and other payables	(11,278)
Decrease in security deposits held for tenants	(450)
Decrease in deferred revenues	(11,668)
Increase in compensated absences payable	847
Increase in payroll taxes payable	98
Increase in payments in lieu of taxes	8,386
Decrease in note payable	<u>(1,637)</u>

Net cash used by operating activities	\$ <u>(230,180)</u>
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The accompanying notes are an integral part of the financial statements.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Summary of Significant Accounting Policies:

Background

The **Housing Authority of the Town of Ferriday (HATF)** is a public corporation, legally separate and fiscally independent, and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HATF** has been contracted by HUD to administer the Low-Income Housing Program under an Annual Contributions Contract.

As of March 31, 2005, **HATF** was primarily engaged in the administration of a Low-Income Housing Program to eligible low-income residents in Ferriday, Louisiana.

Under the above program, **HATF** provides eligible families housing under leasing arrangements.

Financial Reporting Entity

HATF has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the Town of Ferriday.

Government Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

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HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies:, Continued:

Financial Reporting Entity, Continued

HATF was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HATF** is a financial reporting entity within the meaning of the provisions of GASB 14. Accordingly, **HATF** is not a component unit of the financial reporting entity of the Town of Ferriday.

Furthermore, the accompanying financial statements do not include the various resident associations which are legally separate entities.

HATF formed a 501(c)(3) non-stock corporation called The Community Housing Development of Concordia, Inc. (CHDC). There was a common control between **HATF** and CHDC's board. During the year ended March 31, 2005, the Board voted to dissolve CHDC. Effective September 19, 2005, CHDC has been dissolved via filing with the Louisiana Secretary of State.

Basis of Presentation

As required by Louisiana State Reporting Law (LRS-R.S. 24:514) and HUD regulations, financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HATF** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies:, Continued:

Basis of Presentation, Continued

Proprietary Fund Type - Proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses at the time liabilities are incurred. **HATF** applies all applicable Financial Accounting Standards Board pronouncements in accounting and reporting for its proprietary operations. **HATF's** fund includes the following type:

Enterprise Fund - Enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Measurement Focus and Basis of Accounting and
Financial Statement Presentation

HATF has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments* effective April 1, 2004. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which include a statement of net assets, a statement of revenues, expenses and changes in fund net assets, and a statement of cash flows. It requires the classification of net assets into three components-invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies:, Continued:

Basis of Presentation, Continued

**Measurement Focus and Basis of Accounting and
Financial Statement Presentation, Continued**

Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

- *Restricted* - This component of net assets consists of constraints placed on net assets used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The term measurement focus is used to denote what is being measured and reported in **HATF's** operating statement. **HATF's** financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether **HATF** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HATF's** operating statement. **HATF** uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

HATF follows the provisions of GASB 33 (*Accounting and Financing Reporting for Non-Exchange Transactions*) effective for fiscal years that began after June 15, 2000.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies:, Continued:

Basis of Presentation, Continued

**Measurement Focus and Basis of Accounting and
Financial Statement Presentation, Continued**

Under GASB 33 Standards, **HATF** recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- **HATF** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received whichever is first.
- Revenues and expenses are recognized when all applicable eligibility requirements are met.
- Transactions with time requirements received prior to the satisfaction of the time requirement(s) are recorded by **HATF** as deferred revenue.

Budgets

HATF prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board.

HATF does not present its budget to actual comparison for the enterprise fund as part of its financial statement as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Board.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, **HATF** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments. At March 31, 2005, **HATF** had no temporary cash investments.

Capital Assets

Capital assets are recorded at cost or estimated value. Donated assets are valued at estimated fair value on the date donated. **HATF** capitalizes all capital asset acquisitions of \$500 and over. When no historical records are available, capital assets are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

Capital assets are depreciated in the enterprise fund of **HATF** using the following estimated useful lives.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Buildings	33
Building improvements	15
Automobiles and Equipment	3-15

Depreciation is computed using the straight-line method.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Capital Assets, Continued

Under accounting principles generally accepted in the United States of America, long-lived assets are to be reviewed for impairment. If the sum of the expected future cash flows is less than the carrying value amount of the asset, an impairment loss should be recognized. At March 31, 2005, management has not estimated the effect of adoption of Statement of Financial Accounting Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets".

Compensated Absences

HATF follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon separation or retirement. Sick leave hours accumulate, but the employees is not paid for accumulated sick leave hours if not used by his/her retirement or separation date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current year expense in the enterprise fund when leave is earned.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities as applicable, have been eliminated in the accompanying enterprise fund financial statements level.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Summary of Significant Accounting Policies, Continued

Total Memorandum Only

The total column on the accompanying combining financial statements (supplementary information) are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - Cash

Cash is composed of a demand deposit account.

At March 31, 2005, the carrying amount of **HATF's** deposit was \$ 4,225 and the bank balance was \$ 11,099. The amount is covered by federal depository insurance.

Louisiana state law allows for the investment of excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana, or any other federally insured investment.

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes federal depository insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by **HATF** or with an unaffiliated bank or trust company for the account of **HATF**.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, **HATF's** deposit may not be returned to it. **HATF** has no deposit policy for custodial credit risk; however, none of **HATF's** bank balance was exposed to custodial credit risk, since the balance is under the \$100,000 federal depository insurance amount.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 3 - Restricted Cash:

At March 31, 2005, restricted cash consisted of \$ 8,200 in security deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

NOTE 4 - Capital Assets:

At March 31, 2005, capital assets consisted of the following:

	<u>April 1, 2004</u>	<u>Additions</u>	<u>Other Changes</u>	<u>Balance March 31, 2005</u>
Land	\$ 97,620	\$ -0-	\$ -0-	\$ 97,620
Building and improvements	3,633,857	1,874	35,584	3,671,315
Equipment	176,348	67,148		243,496
Construction in progress	<u>35,584</u>	<u>-0-</u>	<u>(35,584)</u>	<u>-0-</u>
Sub-total	3,943,409	69,022	-0-	4,012,431
Less accumulated depreciation	<u>(2,573,672)</u>	<u>(165,574)</u>	<u>137</u>	<u>(2,739,109)</u>
Total	<u>\$ 1,369,737</u>	<u>\$ (96,552)</u>	<u>\$ 137</u>	<u>\$ 1,273,322</u>

NOTE 5 - Amounts Receivable, Net:

At March 31, 2005, amounts receivable, net consisted of the following:

	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total</u>
Amounts receivable - HUD	\$ 99,999	\$ 6,570	\$ 106,569
Amounts receivable - miscellaneous	6,024	-0-	6,024
Amounts receivable - tenants	1,481	-0-	1,481
Accrued interest receivable	<u>46</u>	<u>-0-</u>	<u>46</u>
Sub-total	<u>107,550</u>	<u>6,570</u>	<u>114,120</u>
Less allowance for doubtful accounts	<u>(1,172)</u>	<u>-0-</u>	<u>(1,172)</u>
Total	<u>\$ 106,378</u>	<u>\$ 6,570</u>	<u>\$ 112,948</u>

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 6 - Investment:

At March 31, 2005, investment of \$ 12,082 consisted of a certificate of deposit with an interest rate of 2.8% and maturing on February 9, 2006.

NOTE 7 - Risk Management:

HATF is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HATF** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 8 - Concentration of Credit Risk:

HATF receives primarily all of its revenues from dwelling rentals and grants from HUD. If the amount of revenues received from rentals and grants fall below budgeted levels, **HATF's** operating results could be adversely affected.

NOTE 9 - Contingencies:

HATF is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HATF**. These examinations may result in required refunds by **HATF** to the agencies and/or program beneficiaries.

NOTE 10 - Commitments:

At March 31, 2005, **HATF** has executed agreements with HUD totaling \$295,829 for various modernization and to fund operations and management improvement activities. Balance of funds remaining at March 31, 2005 was \$84,430 (See Schedule IV).

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - Compensated Absences Payable:

At March 31, 2005, the following is a summary of changes in compensated absences payable:

	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Beginning of year	\$ 3,168	\$ 7,201	\$ 10,369
Addition	3,168	3,168	6336
Retirement	<u>(3,168)</u>	<u>(2,321)</u>	<u>(5489)</u>
End of year	\$ <u>3,168</u>	\$ <u>8,048</u>	\$ <u>11,216</u>

NOTE 12 - Beginning Net Assets, as restated:

The net adjustment for \$692 results from the conversion to the requirements of GASB No. 34 during 2005.

NOTE 13 - Per Diem to Board Members:

During the year ended March 31, 2005, no Board member received per diem in his or her capacity as commissioner.

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of the Town of Ferriday
Ferriday, Louisiana

Our report on our audit of the financial statements of **Housing Authority of the Town of Ferriday (HATF)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information (Schedules II through IV), which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Also, the supplementary information (Exhibits I and II), which is prepared in accordance with accounting principles generally accepted in the United States of America and is not a required part of the financial statements, has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

December 6, 2005

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND
MARCH 31, 2005

ASSETS

Cash	\$ 12,425	\$ -0-		\$ 12,425
Amounts receivable, net	6,379	-0-		6,379
Amounts receivable - HUD	99,999	6,570		106,569
Prepaid and other assets	2,376	-0-		2,376
Investment	12,082	-0-		12,082
Inventories, net	554	-0-		554
Interprogram due from	6,570	-0-		6,570
Capital assets, net	<u>1,219,162</u>	<u>54,160</u>		<u>1,273,322</u>
Total assets	<u>1,359,547</u>	<u>60,730</u>		<u>1,420,277</u>

Low Rent Public Public Housing
Housing Program Capital Fund
Program (Memorandum Only)

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
COMBINING STATEMENT OF NET ASSETS--ENTERPRISE FUND
MARCH 31, 2005

	Low Rent Public Housing Program	Public Housing Capital Fund Program	Total (Memorandum Only)
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Compensated absences payable	\$ 11,216	\$ -0-	\$ 11,216
Deferred revenues	405	-0-	405
Payroll taxes payable	2,092	-0-	2,092
Security deposits held for tenants	8,200	-0-	8,200
Payment in lieu of taxes	16,432	-0-	16,432
Interprogram due to	-0-	6,570	6,570
Total liabilities	<u>38,345</u>	<u>6,570</u>	<u>44,915</u>
Net Assets:			
Invested in capital assets, net of related debts	1,219,162	54,160	1,273,322
Unrestricted	<u>102,040</u>	<u>-0-</u>	<u>102,040</u>
Total net assets	<u>1,321,202</u>	<u>54,160</u>	<u>1,375,362</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS--ENTERPRISE FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Low Rent Public Housing Program	Public Housing Capital Fund Program	Total (Memorandum Only)
Operating Revenues:			
Dwelling rental	\$ 101,012	\$ -0-	\$ 101,012
Fees and charges	<u>4,004</u>	<u>-0-</u>	<u>4,004</u>
Total operating revenues	<u>105,016</u>	<u>-0-</u>	<u>105,016</u>
Operating Expenses:			
Salaries and employee benefits	104,373	-0-	104,373
Contractual services	49,918	-0-	49,918
Utilities	12,418	-0-	12,418
Depreciation	155,539	10,035	165,574
Insurance	24,346	-0-	24,346
Convention and travel	15,666	-0-	15,666
Telephone	10,336	-0-	10,336
Materials	29,848	-0-	29,848
Payment in lieu of taxes	8,386	-0-	8,386
Postage, printing and advertising	2,230	-0-	2,230
Bad debts	739	-0-	739
Computer software	2,900	-0-	2,900
General	<u>4,370</u>	<u>-0-</u>	<u>4,370</u>
Total operating expenses	<u>421,069</u>	<u>10,035</u>	<u>431,104</u>
Operating loss	<u>(316,053)</u>	<u>(10,035)</u>	<u>(326,088)</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

	Low Rent Public Housing Program	Public Housing Capital Fund Program	Total (Memorandum Only)
Non-operating revenues:			
Grants and subsidies	\$ 144,707	\$ 153,612	\$ 298,319
Interest income	259	-0-	259
Other revenue	<u>1,894</u>	<u>-0-</u>	<u>1,894</u>
Total non-operating revenues	<u>146,860</u>	<u>153,612</u>	<u>300,472</u>
Net income (loss) before other financing sources (uses)	<u>(169,193)</u>	<u>143,577</u>	<u>(25,616)</u>
Other financing sources (uses):			
Operating transfers in	104,444	-0-	104,444
Operating transfers out	<u>-0-</u>	<u>(104,444)</u>	<u>(104,444)</u>
Total financial sources (uses)	<u>104,444</u>	<u>(104,444)</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenses	<u>(64,749)</u>	<u>39,133</u>	<u>(25,616)</u>
Net assets, beginning of year, as restated	<u>1,385,951</u>	<u>15,027</u>	<u>1,400,978</u>
Net assets, end of year	<u>\$ 1,321,202</u>	<u>\$ 54,160</u>	<u>\$ 1,375,362</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE I

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2005**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:		
<u>Subject to Annual Contributions Contracts</u>		
Low Rent Public Housing Program	14.850	\$ 144,707
Public Housing Capital Fund Program	14.872	<u>153,612</u>
Total annual contribution contracts		<u>\$ 298,319</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of **HATF** and is presented on an accrual basis of accounting.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II
Page 1 of 4

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET
MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
111	Cash - unrestricted	\$ 4,225	\$ -0-	\$ 4,225
114	Cash - tenant security deposits	<u>8,200</u>	<u>-0-</u>	<u>8,200</u>
100	Total cash	<u>12,425</u>	<u>-0-</u>	<u>12,425</u>
122	Accounts receivable - HUD other projects	99,999	6,570	106,569
125	Accounts receivable - miscellaneous	6,024	-0-	6,024
126	Accounts receivable - tenants dwelling rents	1,481	-0-	1,481
126.1	Allowance for doubtful accounts-dwelling rents	(1,172)	-0-	(1,172)
129	Accrued interest receivable	<u>46</u>	<u>-0-</u>	<u>46</u>
120	Total receivables, net of allowance for doubtful accounts	<u>106,378</u>	<u>6,570</u>	<u>112,948</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
131	Investments - unrestricted	\$ 12,082	\$ -0-	\$ 12,082
142	Prepaid expenses and other assets	2,376	-0-	2,376
143	Inventories	554	-0-	554
144	Interprogram due from	<u>6,570</u>	<u>-0-</u>	<u>6,570</u>
150	Total current assets	<u>140,385</u>	<u>6,570</u>	<u>146,955</u>
161	Land	97,620	-0-	97,620
162	Buildings	3,657,692	13,623	3,671,315
163	Furniture, equipment & machinery- dwellings	80,114	19,641	99,755
164	Furniture, equipment & machinery- administration	112,810	30,931	143,741
166	Accumulated depreciation	<u>(2,729,074)</u>	<u>(10,035)</u>	<u>(2,739,109)</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,219,162</u>	<u>54,160</u>	<u>1,273,322</u>
180	Total non-current assets	<u>1,219,162</u>	<u>54,160</u>	<u>1,273,322</u>
190	Total assets	<u>\$ 1,359,547</u>	<u>\$ 60,730</u>	<u>\$ 1,420,277</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II
Page 3 of 4

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
321	Accrued wage/payroll taxes payable	\$ 2,092	\$ -0-	\$ 2,092
322	Accrued compensated absence-current portion	3,168	-0-	3,168
333	Accounts payable - other investment	16,432	-0-	16,432
341	Tenant security deposits	8,200	-0-	8,200
342	Deferred revenues	405	-0-	405
347	Interprogram due to	<u>-0-</u>	<u>6,570</u>	<u>6,570</u>
310	Total current liabilities	<u>30,297</u>	<u>6,570</u>	<u>36,867</u>
354	Accrued compensated absences-non-current portion	<u>8,048</u>	<u>-0-</u>	<u>8,048</u>
350	Total noncurrent liabilities	<u>8,048</u>	<u>-0-</u>	<u>8,048</u>
300	Total liabilities	<u>38,345</u>	<u>6,570</u>	<u>44,915</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING BALANCE SHEET, CONTINUED
MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
508.1	Invested in capital assets, net of related debt	\$ 1,219,162	\$ 54,160	\$ 1,273,322
512.1	Undesignated fund balance/retained earnings (deficit)	<u>102,040</u>	<u>-0-</u>	<u>102,040</u>
513	Total equity	<u>1,321,202</u>	<u>54,160</u>	<u>1,375,362</u>
600	Total liabilities and equity	<u>\$ 1,359,547</u>	<u>\$ 60,730</u>	<u>\$ 1,420,277</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
703	Net tenant rental revenue	\$ 101,012	\$ -0-	\$ 101,012
704	Tenant revenue - other	<u>4,004</u>	<u>-0-</u>	<u>4,004</u>
705	Total tenant revenues	<u>105,016</u>	<u>-0-</u>	<u>105,016</u>
706	HUD PHA operating grants	144,707	104,444	249,151
706.1	Capital grants	-0-	49,168	49,168
711	Investment income - unrestricted	259	-0-	259
715	Other revenue	<u>1,894</u>	<u>-0-</u>	<u>1,894</u>
700	Total revenues	<u>251,876</u>	<u>153,612</u>	<u>405,488</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III
Page 2 of 4

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
911	Administrative salaries	\$ 47,477	\$ -0-	\$ 47,477
912	Auditing fees	20,339	-0-	20,339
914	Compensated absences	847	-0-	847
915	Employee benefit contributions-administrative	5,357	-0-	5,357
916	Other operating-administrative	42,218	-0-	42,218
921	Tenant services - salaries	7,080	-0-	7,080
923	Employee benefit contributions-tenant services	878	-0-	878
931	Water	1,626	-0-	1,626
932	Electricity	8,689	-0-	8,689
933	Gas	1,207	-0-	1,207
938	Other utilities expense	896	-0-	896
941	Ordinary maintenance and operations-labor	<u>37,824</u>	<u>-0-</u>	<u>37,824</u>
	Page total	<u>174,438</u>	<u>-0-</u>	<u>174,438</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III
Page 3 of 4

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
942	Ordinary maintenance and operations- materials and other	\$ 29,848	\$ -0-	\$ 29,848
943	Ordinary maintenance and operations- contract costs	22,863	-0-	22,863
945	Employee benefit contributions- ordinary maintenance		-0-	
961	Insurance premiums	4,910	-0-	4,910
962	Other general expenses	24,346	-0-	24,346
963	Payment in lieu of taxes	8,386	-0-	8,386
964	Bad debt - tenant rent	<u>739</u>	<u>-0-</u>	<u>739</u>
969	Total operating expenses	<u>265,530</u>	<u>-0-</u>	<u>265,530</u>
970	Excess of operating revenues over operating expenses	<u>(13,654)</u>	<u>153,612</u>	<u>139,958</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III
Page 4 of 4

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
FINANCIAL DATA SCHEDULE--COMBINING STATEMENT OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

<u>Line Item No.</u>	<u>Account Description</u>	<u>Low Rent Public Housing Program</u>	<u>Public Housing Capital Fund Program</u>	<u>Total (Memorandum Only)</u>
	Other Expenses:			
974	Depreciation expense	\$ <u>155,539</u>	\$ <u>10,035</u>	\$ <u>165,574</u>
900	Total expenses	<u>421,069</u>	<u>10,035</u>	<u>431,104</u>
	Other Financing Sources (Uses):			
1001	Operating transfers in	104,444	-0-	104,444
1002	Operating transfers out	<u>-0-</u>	<u>(104,444)</u>	<u>(104,444)</u>
1010	Total other financing sources(uses)	<u>104,444</u>	<u>(104,444)</u>	<u>-0-</u>
1000	Excess (deficiency) of revenues over (under) expenses	\$ <u>(64,749)</u>	\$ <u>39,133</u>	\$ <u>(25,616)</u>
Memo Account Information				
1103	Beginning equity / net assets	\$ 1,310,513	\$ 89,773	\$ 1,400,286
1104	Prior period adjustments, equity transfers and corrections of errors	<u>75,438</u>	<u>(74,746)</u>	<u>692</u>
	Beginning equity / net assets, as adjusted	\$ <u>1,385,951</u>	\$ <u>15,027</u>	\$ <u>1,400,978</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM COSTS (INCOMPLETE)
FROM INCEPTION THROUGH MARCH 31, 2005

ANNUAL CONTRIBUTIONS CONTRACTS

	<u>LA-48PO76501-01</u>	<u>LA-48PO76501-02</u>	<u>LA-48PO76501-03</u>	<u>LA-48PO76502-3</u>	<u>Total (Memorandum Only)</u>
Funds approved	\$ 72,252	\$ 114,758	\$ 90,001	\$ 18,818	\$ 295,829
Funds expended	<u>(72,252)</u>	<u>(114,758)</u>	<u>(24,389)</u>	<u>-0-</u>	<u>(211,399)</u>
Excess (deficiency) of funds approved	<u>-0-</u>	<u>-0-</u>	<u>65,612</u>	<u>18,818</u>	<u>84,430</u>
Funds advanced: Grant funding	<u>72,252</u>	<u>114,758</u>	<u>24,389</u>	<u>-0-</u>	<u>211,399</u>
Total funds advanced	72,252	114,758	24,389	-0-	211,399
Funds expended	<u>(72,252)</u>	<u>(114,758)</u>	<u>(24,389)</u>	<u>-0-</u>	<u>(211,399)</u>
Excess (deficiency) of funds advanced	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

See Independent Auditors' Report on Supplementary Information.



Member
American Institute of
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Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Housing Authority of the Town of Ferriday
Ferriday, Louisiana

We have audited the financial statements of **Housing Authority of the Town of Ferriday (HATF)** as of and for the year ended March 31, 2005, and have issued our report thereon dated December 6, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HATF's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

However, we noted certain matters that have been reported to management of HATF in a separate letter dated December 6, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HATF's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2005-01 and 2005-02.

This report is intended solely for the information and use of the Board of Commissioners, management, the United States Department of Housing and Urban Development and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

December 6, 2005

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2005**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition (s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	N/A*
• Reportable condition(s) identified that are not considered to be material weakness(es)?	N/A*
Type of auditors' report issued on compliance for major programs:	N/A*

*Not Applicable

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	N/A*
--	------

Identification of Major Program:	N/A*
----------------------------------	------

Dollar threshold used to distinguish between type A and type B programs:	N/A*
---	------

Auditee qualified as low-risk auditee?	N/A*
--	------

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings were reported for the year ended March 31, 2005.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section III - Federal Award Findings and Questioned Costs

Reference Number

2005-01

Federal Award Program

Low Rent Public Housing Program (See Schedule of Expenditure of Federal Awards)

Criteria

HATF's procurement policy and federal regulations direct the practice of various forms of competitive solicitation to include documentation of the basis for vendor selection.

Condition

In three (3) of twenty-five (25) transactions tested, we noted no documentation to support the basis for procurement of services. Also, we noted similar documentation condition for a vehicle and appliances purchased during the year ended March 31, 2005.

Questioned Costs

None.

Context

Federal award for the Low Rent Public Housing Program for the year ended March 31, 2005 was forty-nine (49) percent of the total federal award to HATF.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2005-01

Effect

Non compliance with Board policy and Federal regulations.

Cause

Lack of an established monitoring system to ensure compliance with regulations and board policy, as it relates to procurement for goods and services.

Recommendation

HATF should establish as a part of its internal control procedures, a monitoring system that ensures compliance with regulations and board policy.

Management's Response

Management of **HATF** continues to evaluate its internal control procedures with an aim towards the establishment and maintenance of adequate internal controls.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section III - Federal Award Findings and Questions Costs, Continued

Reference Number

2005-02

Federal Award Program

Low Rent Public Housing Program (See Schedule of Expenditure of Federal Awards)

Criteria

Pursuant to 24CFR part 990, Form HUD-52723, (Operating Fund Calculation of Operating Subsidy) must be prepared using information in accordance with HUD prescribed procedures and should be maintained subject to HUD's review and approval.

Condition

Testing of the accuracy of Form HUD-52723, (Operating Fund Calculation of Operating Subsidy) for March 31, 2005 prepared by **HATF**'s fee accountant, revealed differences in the total rent amount and count used in the calculation of the operating subsidy as compared to the rent roll provided to us by **HATF** personnel.

Questioned Costs

None.

Context

Total federal award for the Low Rent Public Housing Program was forty-nine (49) percent of the total federal award for the year ended March 31, 2005.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section III - Federal Award Findings and Questions Costs, Continued

Reference Number, Continued

2005-02

Effect

Potential misstatement in subsidy amount.

Cause

Lack of a system in place to require the review of all work effort of the fee accountant and outside consultants prior to submission.

Recommendation

We recommend that management establish a policy to ensure that all reports to include the necessary supporting documents prepared by its fee accountant and/or others are reviewed by management prior to submission.

Management's Response

Management has initiated discussions with its fee accountant to ensure compliance with the subsidy calculations and report preparation.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs

Reference Number

2004-01

Condition

The capital assets depreciation schedule for the year ended March 31, 2004 prepared by **HATF's** fee accountant included an amount totaling \$9,584 classified as a "Site Improvement" addition, for a grant titled "Power Up Grant". As a result of our review and discussion with **HATF's** fee accountant, we noted that the amount was incorrectly coded to depreciation expense.

Also, we noted amounts totaling \$9,800 incorrectly reflected as other income in **HATF's** general ledger.

Recommendation

We recommend that management of **HATF** review the monthly financial statements received from its fee accountant to ensure that a subsidiary ledger or a detailed composition of the account balance is readily available and complete.

Current Status

HATF will review the monthly financial statements received from its fee accountant to ensure that a subsidiary ledger or a detailed composition of the account balance is readily available and complete. Anticipated start date is June 1, 2006.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2004-02

Condition

We noted eight (8) instances where invoices were incorrectly coded to the "Sundry" account.

Recommendation

Management should obtain a full chart of accounts, detailing all expense accounts from its fee accountant, and use it to properly code expenses on an on-going basis. Furthermore, the financial statements should be reviewed for completeness on a periodic basis by the Executive Director or designee.

Current Status

HATF will obtain a full chart of accounts detailing all expense accounts from its fee accountant and properly code expenses on an ongoing basis. Anticipated completion date is June 1, 2006.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2004-03

Condition

Our review of the payroll records for a current employee of **HATF** revealed that the employee was not authorized pursuant to an approved State of Louisiana Department of Civil Service "Personnel Action Form" (SF-1). As such, we noted that no documents were maintained to authorize the employee's hire and/or pay rate. It is our understanding through discussion with management that all hires and related pay rates are approved by the Executive Director and the Board of Commissioners.

Recommendation

Management should enhance its monitoring and documenting of internal control processes over payroll transactions to ensure that all employees are paid in accordance with Civil Service regulations and Board directives.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2004-04

Condition

We were unable to perform audit procedures to test the accuracy of Form HUD-52723, Operating Fund Calculation of Operating Subsidy, because management was unable to provide documentation to support the previous allowable utilities expense amount for the years ended March 31, 2002, 2001 and 2000.

Recommendation

We recommend that management maintain documentation used to support all amounts reported for all reports prepared and/or submitted by its fee accountant.

Current Status

See current year's finding reference number 2005-02.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2004-05

Condition

We noted a drawdown of funds by **HATF** in the dwelling structures and equipment categories during the year ended March 31, 2004 prior to incurring expenses.

Recommendation

We recommend that management evaluate its current cash management procedures to ensure that all drawdowns for capital acquisitions are based on cost incurred by **HATF** prior to the request for funds.

Current Status

Partially resolved. **HATF** is currently a troubled agency. Approval of all draw down requests for "CFP" must be approved by the local HUD office prior to the draws being made.

The **HATF** must also provide documentation for each draw.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number
2004-06

Condition

Currently, the payroll preparation and related tax returns filed at the Federal and State levels, are performed in-house. **HATF's** fee accountant prepares the financial statements based on the completed payroll transactions. However, our review of the process and resulting documents revealed the absence of a reconciliation of the general ledger amounts to the Federal and State tax returns filed. Furthermore, our review of the general ledger revealed the misclassification of travel allowance cost paid to an employee. In addition, we noted the incorrect capitalization of payroll cost. Such costs, based on our review are properly reflected on the payroll register maintained by **HATF**.

Recommendation

Management should require its fee accountant to perform periodic reconciliation of the respective subsidiary ledgers to the general ledger control accounts to include all filed tax returns.

Current Status

HATF will require its fee accountant to perform periodic reconciliation of the respective subsidiary ledgers to the general ledger to include all filed tax returns. Anticipated resolution date is June 1, 2006.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2004-07

Condition

Based on our review and discussion with management, we noted that **HATF** formed a 501(c)(3) non-stock corporation called The Community Housing Development of Concordia, Inc. (CHDC).

The Louisiana Secretary of State's website has CHDC as incorporated on November 21, 1997. Furthermore, we noted a revocation of CHDC dated February 18, 2003 by the Secretary of State. We were unable to secure any financial statements and/or documents such as incorporation information, Internal Revenue Service (IRS) exemption letter and/or documents to support the filing or exemption from the filing of IRS Form 990 or 990EZ, as applicable.

Recommendation

We recommend that management revisit with the objective of CHDC and also charge an individual with responsibility for ensuring that all activities relating to CHDC are properly and accurately accounted for a timely basis.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA**
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers

03-F1 and 2002-01

Condition

For the year ended March 31, 2002 **HATF** was not able to provide all source documentation requested by the auditor and therefore the auditor was not able to confirm if the calculations were correctly done. The "OFF" calculation used for the year ended March 31, 2003 appears to be the March 31, 2002 submission, with the 2003 calculations prepared by HUD.

Current Status

See current year finding reference number 2005-02

Reference Numbers

03-F2 and 2002-02

Condition

HATF exceeded its approved operating budget by more than 6%, as follows:

Total Operating Expenses Budgeted	\$ 205,885
Total Operating Expenses Actual	<u>219,657</u>
	<u>\$ 13,772</u>

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Numbers, Continued

03-F2 and 2002-02

Current Status

Partially resolved. **HATF** is currently monitoring its budget and working closely with the local HUD office and its fee accountant to ensure it stays within its budget.

Reference Numbers

03-F3 and 2002-07

Condition

HATF formed a 501(c)(3) non-stock corporation called The Community Housing Development of Concordia, Inc. (CHDC). At formation, makeup of the board of the CHDC was the same as that of **HATF**. Currently none of **HATF**'s board members are CHDC board members. The **HATF** did not include any CHDC financial information in the audited financial statements for the fiscal years ended March 31, 2001 and March 31, 2002. We were unable to obtain any records for the year ended March 31, 2003.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

03-F6

Condition

HATF does not maintain a salary schedule. The Executive Director's contract was approved by the Board of Commissioners. However, there is no documentation in the minutes that the salaries of the other employee have been approved by the Board of Commissioners. Of eighteen (18) payroll disbursements tested, we noted the following deficiencies:

Fifteen (15) could not trace payroll disbursement salary/hourly rate to personnel file or salary schedule.

Twelve (12) payroll disbursement did not have the employees signature on their time sheet.

Three (3) payroll disbursements lacked adequate approval from the Executive Director on the time sheets.

Eighteen (18) payroll disbursement did not have proof of existence (i.e. I-9s).

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2002-04

Condition

Modernization expenditures and funding draws should be well documented and only made for items in the HUD approved budget. Monies drawn from HUD should be expended within five (5) days of receipt. Check coding should be adequate to allow the fee accountant to code the expenses directly to the grant subsidiary ledgers. Reporting to HUD should be accurate and supported by the general ledger.

HATF did not provide adequate documentation to substantiate many program expenditures and funding draws. We noted four (4) checks totaling \$3,410 made out to **HATF's** component unit with no documentation attached. As of February 28, 2002, it appears that **HATF** had drawn down \$14,294.66 more from HUD than it was entitled to. At year end March 31, 2001, **HATF** instructed the fee accountant to re-code \$42,157 from the low income housing program expenditures to CFP expenditures with no documentation to support this. Program funding for year ended March 31, 2001 was reported as \$19,771 on the FDS versus \$53,575 on the general ledger. We could not determined which, if either, was correct.

Current Status

Partially resolved. **HATF** is currently receiving approval from the local HUD office for all Capital Fund Program draw downs and is providing documentation as necessary.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2002-05

Condition

HATF owns four (4) non HUD subsidized properties that are rented out to individuals and businesses. **HATF** did not provide us with leases on these properties. While some rent monies are being deposited into the Low Income Housing bank account, we were not able to confirm that the deposits were appropriate.

Current Status

Resolved

Reference Number

2002-07

Condition

The component unit for the **HATF**, The Community Housing Development of Concordia, Inc.'s financial records were not included in the March 31, 2003 audit.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED MARCH 31, 2005**

Section IV - Status of Prior Years' Findings and Questioned Costs, Continued

Reference Number

2002-08

Condition

The utility allowance should be updated annually. **HATF's** staff indicated that the former Executive Director did, in fact, perform a utility allowance review. However, no documentation was provided to substantiate this.

Current Status

Resolved.

Reference Number

2002-16

Condition

Personnel files lacked notification forms for changes in employee status. There was an incomplete performance appraisal form for one (1) year in one (1) personnel file we reviewed. Performance appraisal forms should be in separate files per Civil Service. The personnel files we were provided contained very little documentation at all.

Current Status

Resolved.

**HOUSING AUTHORITY OF THE TOWN OF FERRIDAY
FERRIDAY, LOUISIANA**

EXIT CONFERENCE

The financial statements and all related reports were discussed at an exit conference and management is in agreement. Those persons who participated in the conference and previous discussions are as follows:

HOUSING AUTHORITY OF THE TOWN OF FERRIDAY

Ms. Netrina England	--	Executive Director
Ms. Tamika Webster	--	Administrative Assistant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM	--	Partner
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Michael B. Bruno, CPA
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Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

Ms. Netrina England, Executive Director
Housing Authority of the Town of Ferriday

In planning and performing our audit of the financial statements of **Housing Authority of the Town of Ferriday (HATF)**, we considered **HATF's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

As part of our audit, we noted certain matters that are opportunities for strengthening internal control and improving operating efficiency. We previously reported on **HATF's** internal control in our report dated December 6, 2005. This letter does not affect our report dated December 6, 2005, on **HATF's** internal control or its financial statements.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with management, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEAR'S COMMENTS

The following summarizes our comments and suggestions regarding those matters previously discussed.

Condition

Considering the size of **HATF**, the important elements of internal control and segregation of duties cannot always be achieved to insure protection and safeguarding of **HATF's** assets.

Recommendation

We recommend that management evaluate its internal control procedures and processes. The evaluation should be aimed towards ensuring the segregation and strengthening of internal control in the areas of custodial and recordation functions.

Management's Response

Management of **HATF** continues to provide the necessary level of oversight in key internal control areas.

Condition

Our review of **HATF's** internal control over financial reporting revealed the following conditions:

- No evidence of a physical inventory count of maintenance materials as of March 31, 2005.
- Of twenty-five (25) transactions tested, we noted eleven (11) instances where invoices paid lacked evidence of supervisory approval for payment.
- The twenty-five (25) invoices referenced above, were not stamped "paid" to evidence final disposition.
- An instance where a payment to a vendor was duplicated resulting in an overpayment of \$6,023.68.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEAR'S COMMENTS, CONTINUED

Recommendation

We recommend that management evaluate its current internal control procedures and processes. The evaluation should be aimed towards strengthening of internal control in the areas of custodial, authorization and recordation functions and/or activities.

Management's Response

Management continues to improve its internal control processes.

STATUS OF PRIOR YEAR'S COMMENTS

The following is a status of prior year's comments.

Condition

Our review of **HATF's** cash disbursement procedures revealed the lack of established procedures in place to provide for the mathematical verification of invoices paid, or to deface paid invoices by way of stamping them "paid" to insure payment of appropriate amounts and avoid duplicate payment.

Recommendation

We recommend that management evaluate its internal control procedures and consider the need to include procedures to insure that invoices are mathematically verified and defaced prior to payment.

Current Status

See current year's comment.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)**

STATUS OF PRIOR YEAR'S COMMENTS, CONTINUED

Condition

Bank account maintained by HATF is not earning interest.

Recommendation

We recommend that management explore with its bankers, the opportunity to earn interest on all funds held on their behalf.

Current Status

Unresolved.

Condition

Considering the size of HATF, the important elements of internal control and segregation of duties cannot always be achieved to insure protection and safeguarding of HATF's assets.

Recommendation

We recommend that management evaluate its internal control procedures and processes with an aim towards ensuring the adequate segregation and strengthening of internal control in the areas of the custodial and recordation functions.

Current Status

See current year's comment.

Condition

HATF did not maintain a materials inventory subsidiary ledger at March 31, 2004.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEAR'S COMMENTS, CONTINUED

Recommendation

We recommend that **HATF** prepares a subsidiary ledger for its material inventory as well as other general ledger accounts and also perform periodic reconciliations and prepare adjustments, if any, to agree to the general ledger control accounts.

Current Status

See current year's comment.

Condition

Currently, **HATF** uses various software to accumulate accounting and program information on a regular basis. However, we noted no plan to require the offsite storage of all pertinent accounting and program data. The financial statements for **HATF** are prepared by its fee accountant based on accounting data accumulated by **HATF**.

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- Definition of threats and risks (including likely effects on **HATF**).
- Operating security.
- Processing priorities.
- Disaster recovery planning (as appropriate).
- Insurance coverage available or desirable.

Current Status

Unresolved.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEAR'S COMMENTS, CONTINUED

Condition

HATF has no formal system in place to ensure the periodic evaluation of risk in the categories of property, general liability, etc., to ensure the adequacy in insurance coverage.

Recommendation

We recommend that a system be established aimed at the periodic evaluation or assessment of the adequacy in insurance coverage.

Current Status

Unresolved.

Condition

HATF does not have a system in place to facilitate the timely review of its policies and procedural manuals to assess the need for updates.

Recommendation

Management should initiate a review of its policies and procedural manuals.

Current Status

Partially resolved.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

STATUS OF PRIOR YEAR'S COMMENTS, CONTINUED

Referenced Number

03-M2

Condition

The utility allowance should be updated annually if any utility rate has changed more than 10% since the last change to the utility allowance. **HATF** has not performed an annual analysis of its utility rates.

Recommendation

Perform an annual analysis of the utility rates and update the utility allowance if any utility rate has changed more than 10% since the last change to the utility allowance.

Current Status

Resolved.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

As always, we appreciate the courtesies extended to us by your staff during our audit. Should you have any questions and/or require further detail, please do not hesitate to call.

This report is intended solely for the information and use of the Board of Commissioners, management, *United States Department of Housing and Urban Development*, Legislative Auditor, State of Louisiana, and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

December 6, 2005